

Planning and Budgeting for the Future

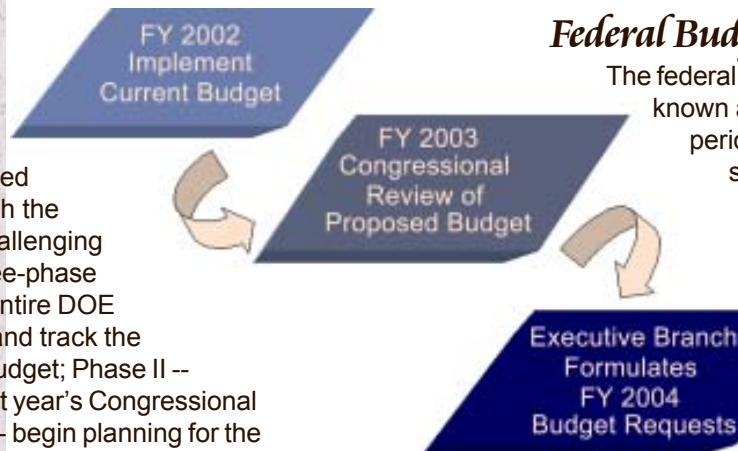
At one time or another, most people have tried to sit down and develop a budget, whether it be for work or one's own personal finances. For many, this process can be very difficult. Imagine, then, the difficulty of creating a detailed budget two to three years in advance of when it will actually be used. Yet, that is exactly what federal agencies, including the U.S. Department of Energy (DOE) must do each year. To accomplish this, DOE decision-makers must consider and evaluate funding requests from more than 108 sites within the DOE complex. Given the complexity of this process, DOE must take a careful and methodical approach to ensure that the most critical issues at each site are addressed and adequate funding is allocated on a timely basis. Although the entire process can be a challenging task, a comprehensive three-phase approach is taken by the entire DOE Complex: Phase I -- use and track the approved, current year's budget; Phase II -- review and plan for the next year's Congressional allocations; and Phase III -- begin planning for the budget that will be needed two years into the future.

Planning at NNSA/NV

The DOE's National Nuclear Security Administration Nevada Operation Office (NNSA/NV), Environmental Management (EM) Program has developed Life-Cycle Baselines to assist planning and budget efforts. The EM Life-Cycle Baselines provide a framework for long-term planning, budgeting, scheduling, and tracking the progress of EM projects. Baselines also serve as the foundation for all three phases of EM budget development, which are integrated into DOE's overall budget request.

In contrast to traditional planning efforts that involve the creation of budgets and schedules for projects one year at a time, the EM Life-Cycle Baselines are all-encompassing plans. They contain the proposed work scope, cost, and schedule necessary to meet technical and regulatory commitments for the life of each project in the EM Program. In creating the Baselines, NNSA/NV's EM Program uses a "bottoms-up" approach, basing its cost estimates on current performance history, industry standards, past

performance on similar activities, and fixed-price quotes. This information is used to estimate the cost for specific tasks anticipated during future projects. Assembling detailed estimates for these specific tasks leads to the development of a total project estimate. Each year, as part of its annual planning and budgeting activities, NNSA/NV refines the EM Life-Cycle Baselines. This refinement accounts for changes to estimate parameters such as the availability of new technologies, stakeholder issues and concerns, available funding, new and revised corrective strategies, and regulatory requirements.



Federal Budget Process

The federal government operates on what is known as a "fiscal year," which is the period of time during which budgets are spent. The fiscal year begins on October 1 and ends on September 30. In other words, October 1, 2000, is the first day of fiscal year 2001, or "FY 2001," as it is commonly written, and September 30, 2001 is the last day of FY 2001.

Federal budget planning is a multi-year process conducted in several phases. At any given time, budgets are being created (current fiscal year plus two years), reviewed and refined (current fiscal year plus one year), or implemented (current fiscal year) for three different fiscal years. As an example, in FY 2002, DOE creates budget plans for FY 2004; refines previously created plans (developed in FY 2001) for FY 2003; and executes the approved budget plan for FY 2002 (initiated in FY 2000). The three major phases of the budget planning effort are outlined in detail below:

PHASE I

The Office of Management and Budget (OMB) assists the President in putting together initial and final budget information. The OMB is charged with broad oversight, supervision, and responsibility for coordinating and formulating a consolidated budget submission. Based upon funding levels and expenditures from the previous year, OMB issues budget directions and planning ceilings to each federal agency. These directives are based upon guidelines and a general budget outline, which is prepared by OMB and approved by the President.

In turn, officials at DOE Headquarters develop internal guidelines that are transmitted to the field offices. These guidelines serve as a framework for managers to use in prioritizing and defining specific funding requirements. As initial estimates are developed, field office representatives typically schedule a community briefing to explain the EM budget request and solicit public input.

Each year in April, the field offices transmit the preliminary budget request to DOE Headquarters. At this point, the first major step in creating the fiscal-year-plus-two budget is complete.

PHASE II

Once DOE Headquarters receives proposed budgets from each of its departments, including EM, it performs a detailed review of the budget requests and supporting materials. Like all federal agencies, DOE has a "target level" of funding. As a result, DOE budget officials must carefully review requests from all sites, consider priorities, and eventually combine all site budget requests into a single agency request. This effort often results in a redistribution of funds (different from the previous year) between sites to assure that vital issues are given priority.

PHASE III

In January, OMB forwards final budget recommendations to Congress for consideration. Members of Congress can approve, modify, or disapprove the budget proposal. Congress also has the power to change funding levels, and eliminate or add programs. In making these decisions, Congressional committees begin months of hearings prior to final approval. If Congress approves the budget for the federal government, and the President signs the budget into law, the budget appropriation then becomes the basis for each federal agency's operations during the fiscal year. The goal is to have a final budget approved and signed by the President by October 1 of each year. If approval is delayed, a continuing resolution may be passed to fund the federal government and keep it in operation until the final budget is approved.

Public Involvement

Public involvement plays an integral role in the EM planning and budget process. The NNSA/NV EM Program invites and encourages the public to become involved and to help prioritize activities. To assure public involvement, NNSA/NV works closely with the Community Advisory Board (CAB) for Nevada Test Site programs. The CAB is a formal group of volunteer, independent, non-partisan citizens, and *ex officio* members that provide advice and recommendations to the NNSA/NV on a wide variety of issues, including budget prioritization. Additionally, the NNSA/NV and the CAB jointly sponsor community workshops during Phase I of the budget process to seek input from the community at large. EM Program officials listen to input received from the community and carefully consider feedback when making final budgetary decisions. In recent years, input from the community and the CAB have made an imprint on the prioritization of EM program activities.



Community members vote on EM budget prioritization

Members of the community are also invited to visit and review complete budget details in documents located in the NNSA/NV Public Reading Facility, located at 2621 Losee Road in North Las Vegas, Nevada.



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